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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/22/07

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Articles:

1) Yamada Corp. employs retired Defense Ministry official and even former DPJ lawmaker

MAINICHI (Top Play) (Slightly abridged)
October 21, 2007

A former senior managing director of Yamada Corp. a trading company specializing in defense and aircraft equipment in Minato Ward, Tokyo, which has been found to have treated former Vice Defense Minister Takemasa Moriya to free rounds of golf, has provided senior Defense Ministry officials with lucrative postretirement posts. According to a former company executive, the number of such ex-officials reached eight at one time. The company was also eager to employ family members of senior ministry officials. Former lawmaker Shozo Azuma of the Democratic Party of Japan (DPJ) is now an advisor to the company. It has been found that the company's collusive ties with politicians and bureaucrats were behind its successive winning of large contracts from the Defense Ministry.

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According the former company executive, the former senior managing director was managing all practical business affairs, including personnel appointments, by himself. Of about 150 employees (in 2005), there once were about as many as eight advisors who came from the Defense Ministry.

According to several retired bureaucrats who moved to the company, they receive the same pay that they had received just before they retired or more. Most of them go to work two or three times a week, are given few duties, but are asked to obtain information on equipment the ministry plans to purchase or to give advice on how to win contracts.

Former lawmaker Azuma assumed the post of an advisor to the company about 10 years ago through the introduction of a politician. In an interview on Sept. 12, he said: "I think that the company expects me to offer special favors to the company when I become influential in the future."

2) Former Vice-Defense Minister Moriya urged ministry to conclude discretionary contract with Nihon Mirise on CX engine

ASAHI (Top play) (Excerpts)
October 21, 2007

Former Administrative Vice-Defense Minister Takemasa Moriya, 63, while in office in July this year, stated as a dictum that the ministry should conclude a discretionary contract with Nihon Mirise Corp. (NMC), a Minato Ward, Tokyo-based up-and-coming trading firm specializing in defense equipment, for procuring the engine in the Air Self-Defense Force's next-generation transport aircraft codenamed CX, the Asahi Shimbun has learned. The total cost of the engines comes to nearly 100 billion yen. Although Moriya's subordinate explained the ministry's plan to conduct an open bidding for the sake of transparency, Moriya continued to press the ministry to give favorable treatment to NMC. Moriya often played golf with the NMC president, a former executive of Yamada Yoko Corp., at the expense of the president when he was still with that company. Some take the view that Moriya's statement favoring NMC came from his close personal relationship with the company's president.

Moriya made the statement on July 2, the day the Asahi Shimbun reported on a controversy over the shipment of the aircraft's engine. This newspaper reported that although Nihon Mirise and Yamada Yoko had been rivals to become the agent of General Electric, the engine's US maker, the result would be in Mirise's favor because GE had announced that it would switch from Yamada to Mirise as its agent at the end of July. The president of Mirise left Yamada Yoko after locking horns with the owner of the company. Their conflict has eventually escalated into a lawsuit centered on which would sell the aircraft engine.

The day the newspaper carried the article, a Defense Ministry official briefed Moriya on the competitive bidding process. But Moriya allegedly was adamant: "It's not easy to become an agent. I think we should conclude a discretionary contract with Nihon Mirise." This was taken by some in the ministry as indicating that Moriya was trying to defend the Mirise president who was having hard times and that the two were extremely close.

3) Former Vice Defense Minister Moriya treated to free golf possibly

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more than 100 times, using false name in many cases

TOKYO SHIMBUN (Top Play) (Excerpts)
October 20, 2007

It has been revealed that former Vice Defense Minister Takemasa Moriya, 63, had frequently played golf with a former senior managing director, 69, of Yamada Yoko Corp., a trading company specializing in defense and aircraft equipment based in Minato Ward, Tokyo. According to sources familiar with the matter, Moriya played golf with the former executive possibly more than 100 times, registering a false name in many cases. It is prohibited under the Self-Defense Force code of ethics enacted in 2000 for defense officials to play golf with parties concerned, including contractors. It is suspected that Moriya, keeping this regulation in mind, used a false name.

According to the sources, the former company executive frequently played at golf courses run by a company affiliated with Yamada Yoko Corp. in Saitama and Chiba. There were many cases in which their wives joined the two. The company paid the bills for costs for playing golf and food and drink out of an expense account.

4) Former Yamada Yoko Corp. executive threw party for Moriya's daughter in US several years ago

MAINICHI (Page 1) (Excerpts)
October 20, 2007

A 69-year-old former Yamada Yoko Corp. executive, who frequently played golf with former Administrative Vice-Defense Minister Takemasa Moriya, 63, also treated Takemasa's second daughter to wining and dining in the United States several years ago, the Mainichi Shimbun has learned. The former executive admitted it in an interview with the newspaper. According to the former executive, a party was held to celebrate the daughter's admission to a language school in the United States. Playing golf with a defense contractor is prohibited under the Self-Defense Force ethics regulations. It has already been found that Moriya and his wife played golf with the former executive in violation of the regulations. It has now become clear that the former executive had questionable relationships with all the family members of the top Defense Ministry official.

According to the former executive, Moriya's daughter, desiring to pursue studies at a US graduate school, was enrolled in a language school to improve her English skills. Around that time, the former executive threw a party to encourage her at a steak house in New York and footed the bill. Prior to her departure for the United States, persons connected with a Yamada Yoko's US arm helped Moriya's daughter in finding a place to stay and in purchasing daily necessities. Other expenses were paid by the daughter, according to the former executive.

5) Moriya to underling: "Why is it wrong" to award a discretionary

contract on the CX engine to a company with which he had close ties when he was vice defense minister?

YOMIURI (Page 35) (Excerpt)
October 22, 2007

Former vice defense minister Moriya frequently received favors a former executive at Yamada Yoko Corporation, a trading firm specializing in the aircraft and defense areas. It was learned that

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at a meeting with subordinates this year in July, while he was still vice minister, Moriya asked "what is wrong" with awarding a discretionary contract to the former executive, who had formed his own separate trading firm. The view that formed in the ministry at the time was that Moriya had intimate ties with that executive. The ministry as a result began to question Moriya about the facts.

6) Question of Diet testimony certain to affect deliberations on new antiterrorism legislation

MAINICHI (Page 1) (Full)
October 20, 2007

The issue of wining and dining involving former Vice Defense Minister Takemasa Moriya is certain to affect the Diet timetable for deliberating an antiterrorism bill, the highlight in the current Diet session, as seen in the Democratic Party of Japan's (Minshuto or DPJ) call for summoning Moriya to the Diet as a witness. Although the ruling parties are in agreement to begin deliberating the bill on Oct. 23, the opposition camp is set to refuse Diet deliberations unless the summoning of Moriya is realized.

Defense Minister Shigeru Ishiba in a press conference on Oct. 19 expressed his intention to interview Moriya, saying, "I would like to confirm matters as necessary." In a House of Councillors Foreign Affairs and Defense Committee meeting that day, the DPJ demanded Moriya be summoned to the Diet as a witness. The party plans to grill the government over the Moriya scandal, in addition to the suspected diversion of oil provided by the Maritime Self-Defense Force in the Indian Ocean for use in the Iraq war.

The ruling and opposition camps are in agreement for the government to explain the new antiterrorism bill and take questions on Oct. 23. The ruling parties intend to begin deliberations on Oct. 24 after explaining the reason for submitting the bill at a House of Representatives antiterrorism and Iraq assistance special committee meeting on Oct. 23. DPJ Secretary General Yukio Hatoyama, however, indicated that Diet testimony was a major condition for Diet deliberations. The showdown between the ruling and opposition camps is likely to intensify.

7) Defense minister: Moriya should accept a summons to appear before Diet as sworn witness if Diet makes decision

ASAHI (Page 2) (Full)
October 21, 2007

Speaking at the Japan National Press Club yesterday, Defense Minister Shigeru Ishiba said that former Vice Defense Minister Takemasa Moriya, who had been receiving favors from an interested party (defense contractor), should accept a summons to appear before the Diet as a sworn witness if the Diet decides to summon him. Asked about the opposition camp's demand that Moriya be summoned to the Diet, Ishiba said: "The Diet decides whether to summon him or not. Once the Diet decides to do so, he should accept."

Ishiba indicated his intention to launch an investigation of Moriya's activities at an early date, saying: "If it is impossible to directly contact him, we will have to carry it out even through an appropriate intermediary. It should be done as soon as possible."

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Asked about the Maritime Self-Defense Force's (MSDF) refueling service to the multinational force's supply ships endorsed under the government's new bill to extend the MSDF mission in the Indian Ocean, Ishiba replied: "If measures are worked out to prevent fuel from being used for other purposes than stipulated in the law, banning the MSDF from refueling supply ships will be meaningless."

Ishiba also indicated his view that there was no problem with the guarantee that fuel provided by the MSDF to US warships would not to be used for other purposes than Operation Enduring Freedom (OEF), which is aimed at rooting out terrorism (in Afghanistan).

8) DPJ eyes delaying Diet deliberations on new antiterrorism law

YOMIURI (Page 2) (Full)
October 22, 2007

The government will explain a new antiterrorism bill and take questions from each party at a Lower House plenary session tomorrow in order to continue the Maritime Self-Defense Force's refueling operation in the Indian Ocean. The ruling bloc intends to explain the reason for submitting the new legislation at an antiterrorism special committee meeting tomorrow. However, given a new scandal involving former Vice Defense Minister Takemasa Moriya and the government's failure to swiftly correct the amount of fuel provided by the MSDF to a US oiler, how things will unfold remains to be seen.

The ruling parties plan to: (1) report to the Diet on Oct. 22 about the Defense Ministry's investigative results regarding the question of the incorrectly registered amount of oil provided to the US refueler by the MSDF and the question of a discarded MSDF logbook, (2) explain the grounds for submitting the new antiterrorism legislation at the antiterrorism special committee meeting on Oct. 23 after the government explains the new law and takes questions in the Lower House plenary session earlier in the day, and (3) start committee deliberations on Oct. 24.

The major opposition Democratic Party of Japan (Minshuto or DPJ) is in accord with the ruling bloc to hold a plenary session on Oct. 23. The largest opposition party, however, is also considering postponing committee deliberations. Early on, there was reluctance in the DPJ about delaying full-fledged deliberations, thinking that it might be taken by the general public as a boycott of discussions. But the revelation of the scandal involving Moriya has prompted the DPJ to play hardball.

9) MSDF covered up error in fuel supply amount

ASAHI (Top play) (Abridged)
October 22, 2007

The Defense Ministry has now corrected the amount of fuel provided by the Maritime Self-Defense Force to a US supply ship in the Indian Ocean in February 2003. The Defense Ministry first announced that the MSDF supplied 200,000 gallons to the US oiler, but it later said the amount of fuel supply was 800,000 gallons. On this issue, the Maritime Staff Office was aware of the error in 2003. Nevertheless, the MSO did not report it to Shigeru Ishiba, the then director general of the Defense Agency, now the Defense Ministry, and covered it up, sources revealed yesterday. The Defense Ministry will punish those officials and will announce its findings today. Concerning

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this issue, the leading opposition Democratic Party of Japan (Minshuto) will call for summoning to the Diet the then Joint Staff Council chairman and other MSDF top brass officers, including the MSDF chief of staff, as sworn witnesses. If they are not summoned, the DPJ will then refuse to deliberate on a new legislative measure for refueling assistance.

The fuel supply in question was made on Feb. 25, 2003, by the Tokiwa, an MSDF supply ship, to the USS Pecos, a US Navy supply ship. On the same day, the Pecos refueled the USS Kitty Hawk, a US Navy aircraft carrier. The Kitty Hawk thereafter arrived in the

Persian Gulf and engaged in military operations against Iraq. She was therefore suspected of having used MSDF-supplied fuel for the Iraq operations.

In those days, Prime Minister Yasuo Fukuda was the chief cabinet secretary, and Defense Minister Ishiba was also the Defense Agency

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director general. In their briefings at that time, both Fukuda and Ishiba said the MSDF supplied 200,000 gallons. Both Fukuda and Ishiba denied the Kitty Hawk's suspected diversion of MSDF-supplied fuel, maintaining that the 200,000 gallons refueled to the Kitty Hawk is an amount she consumes within a one-day timeframe. In September this year, however, the Defense Ministry corrected its initial announcement, recounting that the previously announced amount of fuel supplied to the Pecos was 800,000 gallons.

The Defense Ministry held hearings with officials who were in charge of the matter in those days, according to a top-level official of the Defense Ministry. Shortly after Fukuda and Ishiba made their respective press briefings in 2003 on the MSDF's fuel supply, an MSO section in charge of the matter learned that the amount of fuel actually supplied by the Tokiwa to the USS Pecos was not 200,000 gallons but was 800,000 gallons. Nevertheless, the MSO section did not report it to Ishiba or the MSDF chief of staff, who heads all MSDF personnel. This fact later became known, according to a Defense Ministry top-level official. The fact was kept at the level of field officers and was not reported to the top brass.

The question is why they did not report it. The top-level official of the Defense Ministry said, "It looks like those in charge at that time thought to themselves that there was no diversion of the fuel to (military operations in) Iraq even if the 200,000 gallons increased to 800,000 gallons, so they seemed to have judged that it didn't matter much."

"I feel a serious sense of crisis about civilian control," Kenji Yamaoka, chairman of the DPJ's Diet affairs committee, told reporters yesterday in Tokyo. Yamaoka indicated that the DPJ would ask the Diet to summon Prime Minister Fukuda and Deputy Chief Cabinet Secretary Masahiro Futehachi as sworn witnesses, in addition to the summons of the Self-Defense Forces' top brass officials and former Administrative Vice Defense Minister Takemasa Moriya, who was the director general of the Defense Policy Bureau at the Defense Agency in those days.

Gov't explanations in the past

On May 9, 2003, then Chief Cabinet Secretary Fukuda told a news conference, "The Kitty Hawk consumes 200,000 gallons of fuel within a one-day timeframe and almost instantaneously consumes (MSDF-provided fuel)." Fukuda also said, "It's unlikely to be used for (US military operations in) Iraq." With this, Fukuda denied the

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suspected diversion of MSDF-supplied fuel. On May 15 that year, Defense Agency Director General Ishiba at the time also stated before the House of Councillors Budget Committee that he checked this matter with the United States. "Then," Ishiba stated before the committee, "we found that the MSDF provided 200,000 gallons to the US supply ship."

In September this year, however, the Defense Ministry corrected the amount of fuel to 800,000 gallons. This correction came after Peace Depot, a civic group that checked into US naval logbooks through the United States' information disclosure system, pointed to the error in the amount of fuel supplied by the Tokiwa to the USS Pecos.

Prime Minister Fukuda, sitting in on the House of Representatives Budget Committee during its Oct. 10 meeting, was asked about his explanation he made when he was chief cabinet secretary. "It was based on information from the Defense Agency (at that time), but I must apologize for the mistake," Fukuda stated before the committee. Defense Minister Ishiba explained before the committee during its Oct. 9 meeting, "The Maritime Staff Office mistook it for 200,000 gallons provided to another ship."

10) Prime minister tells US for first time that MSDF refueling in Indian Ocean "could be halted"

TOKYO SHIMBUN (Page 2) (Full)
October 20, 2007

Prime Minister Fukuda on the afternoon of Oct. 19 met in his office at the Kantei with US Ambassador to Japan Schieffer. Referring to the Maritime Self-Defense Force (MSDF) refueling operation in the Indian Ocean, the prime minister stated, "It is possible that it will be halted for awhile." This was the first time for the prime minister to give an outlook that it would be difficult to pass a new antiterrorism special measures bill by Nov. 1, when the current legislation expires.

The Ambassador replied, "We hope to see the operation continue and will do our maximum to cooperate." He said he hoped to see an early passage of the new antiterrorism bill.

The prime minister then brought up the issue of the removal of North Korea's name from the US list of states sponsoring terrorism. He said, "It would not be desirable to remove North Korea's name from the list of states sponsoring terrorism." He urged the US not to remove it until progress is made on the Japanese abduction issue.

11) Poll: 48 PERCENT for, 43 PERCENT against continuing MSDF fuel supply; 61 PERCENT doubt antiterror deterrence

MAINICHI (Page 1) (Full)
October 22, 2007

The Mainichi Shimbun conducted a telephone-based nationwide public opinion survey on Oct. 20-21. In the survey, respondents were asked if they supported continuing the Maritime Self-Defense Force's refueling activities in the Indian Ocean. In response to this question, 48 PERCENT answered "yes," with 43 PERCENT saying "no." The figures were almost the same as "yes" at 49 PERCENT and "no" at 42 PERCENT in a spot survey taken Sept. 12-13 after former Prime Minister Shinzo Abe's announcement of his resignation.

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Respondents were also asked if they thought the MSDF's refueling activities, which are said to be part of the war on terror, help deter terrorism. To this question, 61 PERCENT answered "no," with 32 PERCENT saying "yes." The results show public opinion that is not necessarily linked to the pros and cons of continuing the MSDF's refueling mission.

Those who answered "yes" were further asked to choose one reason from among three reasons given. In response, 65 PERCENT chose "Japan should do so for its international contributions." This reason overwhelmed the other two, with 18 PERCENT choosing "Japan should do so to prevent its relations with the United States from worsening," and 16 PERCENT saying "Japan should participate in the war on terror."

Those who answered "no" to continuing the MSDF's refueling mission in the Indian Ocean were also asked to choose one reason from among three. To this question, 48 PERCENT answered that Japan should contribute to the international community in a different way," topping all other answers, with 37 PERCENT saying "it's strange to take part in a US war" and 13 PERCENT saying "it's unconstitutional."

Meanwhile, Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), has advocated sending the Self-Defense Forces to participate in the International Security Assistance Force (ISAF) in Afghanistan. Asked about this SDF participation in ISAF, 62 PERCENT answered "no," with only 26 PERCENT saying "yes." The figures show Ozawa's advocacy of ISAF participation has yet to obtain public understanding.

12) Government proposes 10 billion yen cut in sympathy budget (host-nation support) but US expresses unwillingness to accept it

TOKYO (Page 3) (Excerpts)
October 22, 2007

It was learned yesterday that during consultations between the Japanese and US government on the special measures agreement on host-nation support for US forces in Japan (the so-called sympathy budget), now being negotiated, the Japanese side proposed cuts of approximately 10 billion yen in the various allowances paid to Japanese workers employed at US bases. Different from such matters as utilities, consideration was given "not to inflict a wound on the Japan-US alliance" (high-level Japanese government official) by cutting various allowances that the US side would not deem necessary to compensate for. The US, however, has indicate its unwilling to accept the cuts. This was revealed by several sources.

Defense Minister Ishiba is likely to stress to Defense Secretary Gates during their meeting scheduled for early Nov. that Japan is under a tight fiscal situation and seek his understanding for the cuts. However, following the halting of the Maritime Self-Defense Force's fuel operations in the Indian Ocean, there is a high probability of the US supply ships filling the gap made by the departing MSDF ships. Reaching a settlement this year on the support budget will indeed be difficult.

13) Cabinet support rate at 46 PERCENT , down 11 points

MAINICHI (Page 1) (Abridged)
October 22, 2007

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The approval rating for Prime Minister Yasuo Fukuda and his cabinet was 46 PERCENT , down 11 percentage points from the last survey conducted Sept. 25-26 right after the Fukuda cabinet's inauguration. The disapproval rating was 30 PERCENT , up 5 points from the last survey. By gender, the Fukuda cabinet's approval and disapproval ratings were 39 PERCENT and 37 PERCENT among men, with 51 PERCENT and 24 PERCENT among women.

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 27 PERCENT , down 5 points from the last survey. The leading opposition Democratic Party of Japan (Minshuto) was also at 27 PERCENT , up 1 point, ranking with the LDP.

14) Japan, US to hold talks at beginning of the week on issue of removal of North Korea from list of states sponsoring terrorism; Vice foreign minister to travel to US

ASAHI (Page 2) (Excerpt)
Eve., October 20, 2007

It was learned today that the Japanese and US governments will hold full-scale talks in Washington at the beginning of the week on the issue of the US removing North Korea's name from the list of states sponsoring terrorism. With the possibility growing stronger that the US will de-list North Korea at the end of the year, Japan and the US apparently will focus on settling the condition of whether there should be real progress on the abduction issue, as the Japanese government has been requesting.

The issue of de-listing North Korea will be an important item on the agenda of Prime Minister Fukuda during his US visit, which is now being coordinated for mid-November. The plan is for Vice Foreign Minister Seitaro Yachi to meet Deputy Secretary of State Negroponte on Oct. 25, and coordinate at the administrative level before the Japan-US summit meeting.

SCHIEFFER